



## Brenhill Housing Proposal at Emery Barnes Park: Proposed City Land Exchange

Presentation to Council In Camera - October 31<sup>st</sup>, 2012

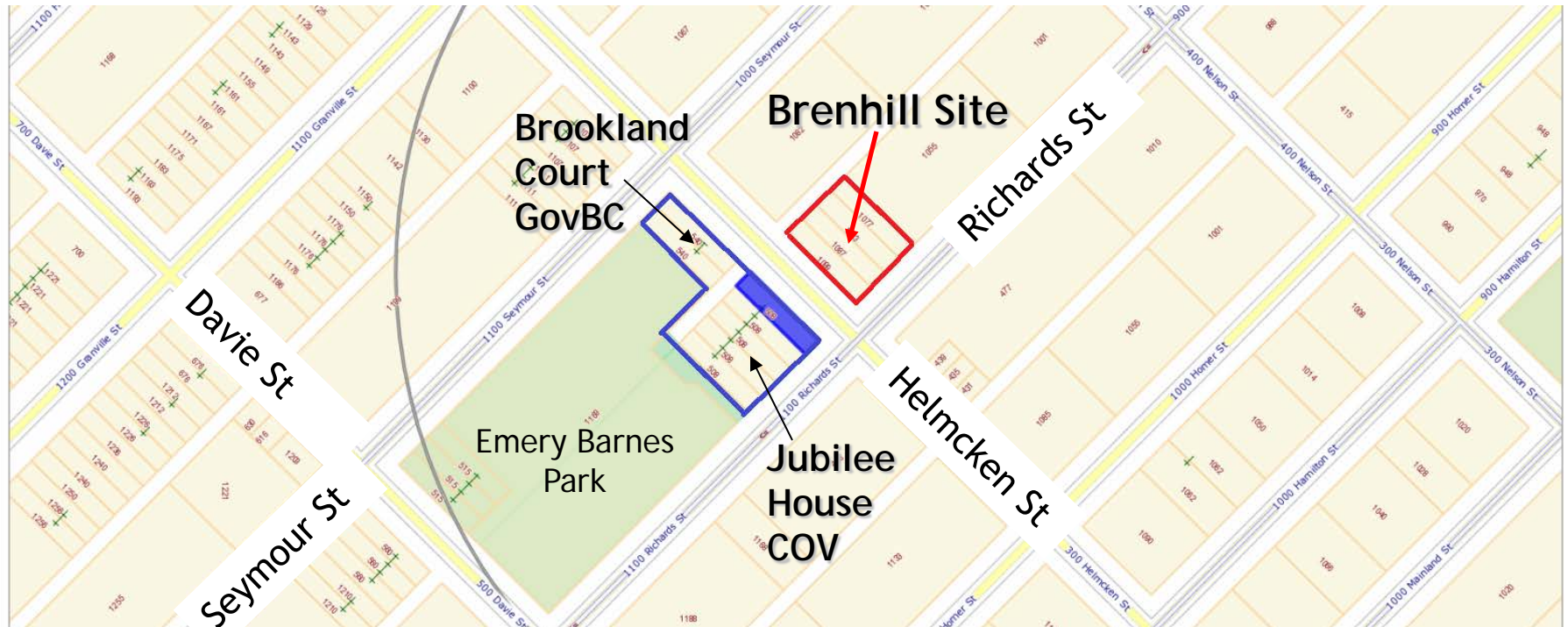
REFM

# Recap of April 18, 2012 Council Discussion

- Complex negotiation to use City land to lever:
  - Rehabilitation of deteriorating social housing
  - Incremental affordable rental housing
  - Incremental social housing
- 3 Property owners involved:
  - BC Housing, COV, Private Owner
- 1 Non-profit operator involved
- 3 current buildings:
  - 2 social housing buildings (Brookland Court, Jubilee House)
  - 2 low rise private buildings: lease with Montessori School
- Timing issues

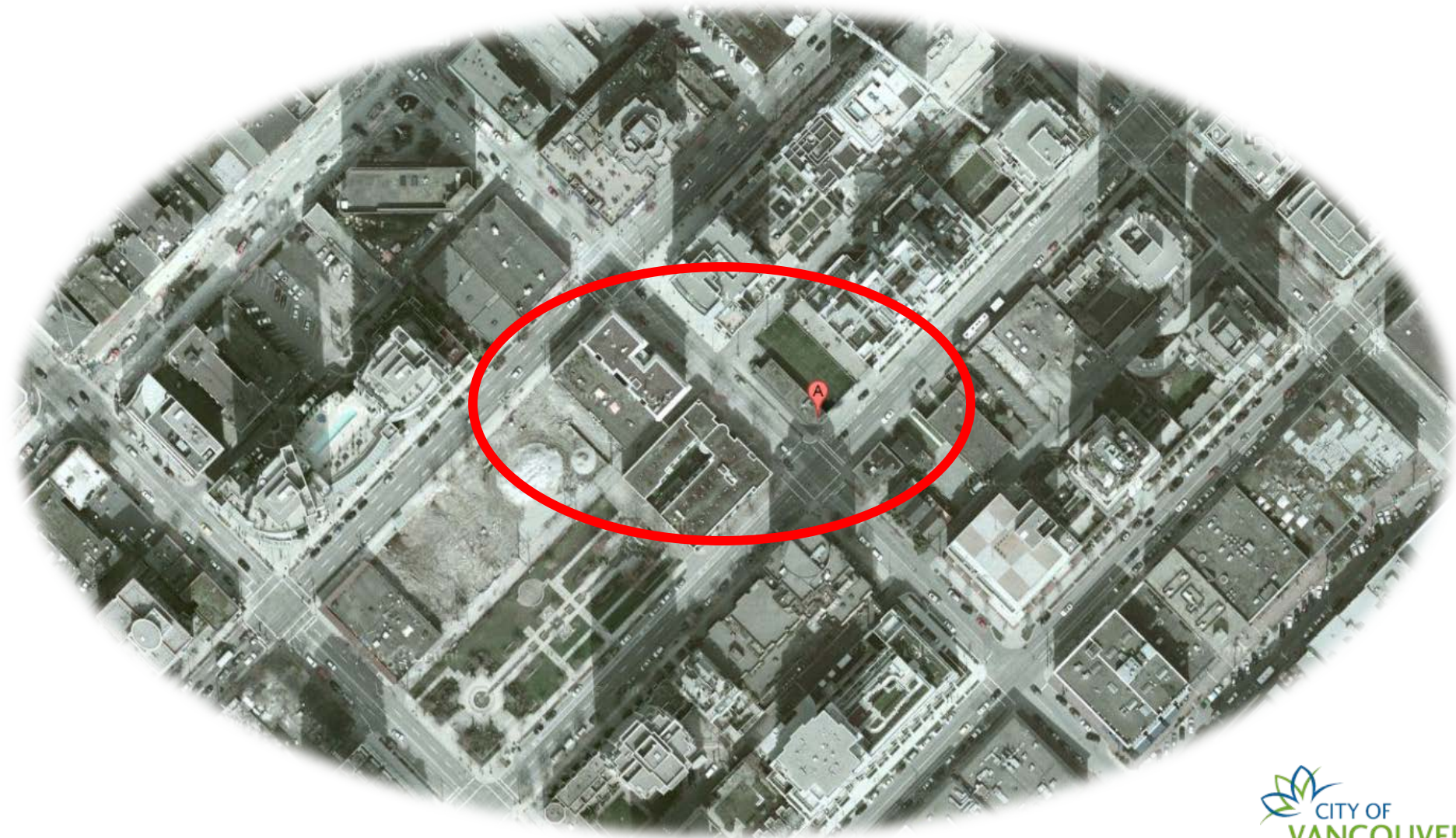
# Recap of Subject Properties

- Downtown South adjacent to Emery Barnes Park





# Aerial View of Location



# Brenhill's Original Housing Summary Proposal

Housing type	Social Housing	Rental Housing	Condos	Total
Brookland Court now	78	0	0	78
Jubilee House	87	0	0	87
<b>Current Total</b>	<b>165</b>	<b>0</b>	<b>0</b>	<b>165</b>
New Brookland Court	0	74	0	74
New Social Housing	179	0	0	179
High Rise Tower	0	84	306	390
<b>New Total</b>	<b>179</b>	<b>158</b>	<b>306</b>	<b>643</b>

## April 18, 2012 - Council Direction to Staff

- focus on achieving an increased level of “affordability”
- secure a higher total number of social housing units on the block
- If necessary to achieve above, deliver less purpose built market rental housing than the 158 units proposed.

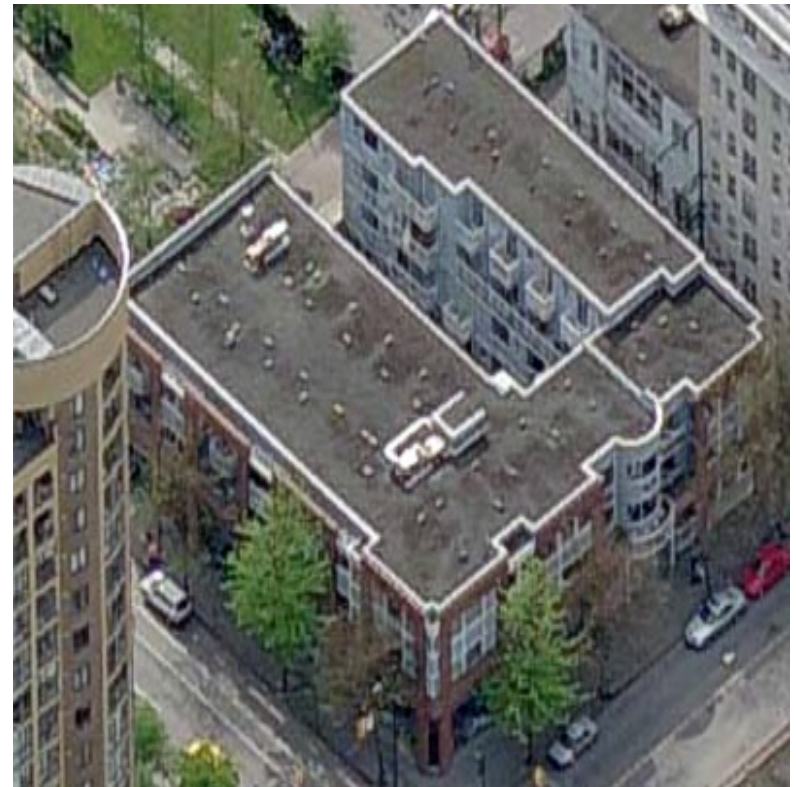
# Governing Interests and Goals

- COV:
  - reduce the risk of inheriting failed buildings (Jubilee House) on City lands leased for social housing
  - Make progress on the 2011-2021 Housing Strategy Goals
- Province (BC Housing):
  - reduce potential liabilities and achieve greater efficiencies on operating costs for social housing
  - Enhance CMHC mortgage security
- Non-Profit:
  - retain the community of residents it serves intact and in good quality homes
- Private Property Owner (Brenhill)
  - Develop market rental housing portfolio
  - Improve opportunity of development potential on their property



# Existing Building: Jubilee House – Social Housing

- 508 Helmcken St (at Richards)
- 27 year old facility
- City-owned site
- 41 year lease; option for extra 20 years; all in 2046 termination
- Non-profit Operator: The 127 Society for Housing
- 87 Social Housing Units:
  - 78 Studio
  - 5 one bedroom
  - 4 Accessible Studio Units
- Tenants: low or limited income residents over the age 45





# Brenhill Buildings: Private Commercial Buildings

- 1077 to 1099 Richards St.
- Owned by Brenhill
- Two low-rise commercial buildings
- Principal Tenant: Montessori School
- Development Potential limited due to number of high rise towers currently on this block

# Revised Development Plan

- New Social Housing Building on Brenhill property:
  - new 13 storey building
  - ~ 172 Social Housing Units
  - amenity spaces included
  - net increase of 85 new Non-Market Housing Units
  - Property to be transferred to city
- New High Rise Tower on Jubilee House property:
  - Demolish Jubilee House; transfer city property to developer
  - New mixed use podium & tower; townhouses wrapping base of tower:
    - 110 rental units
    - 306 market condos
    - Gallery space and new Montessori School in podium
    - Leed Gold
    - View cones intact
- Transfer of Land ownership: sole source disposition

# Updated Housing Summary

Housing type	Social Housing	Rental Housing	Condos	Total
Brookland Court now	78	0	0	78
Jubilee House	87	0	0	87
<b>Current Total</b>	<b>165</b>	<b>0</b>	<b>0</b>	<b>165</b>
Retained Brookland Court	78	0	0	78
New Social Housing	172	0	0	172
High Rise Tower	0	110	306	416
<b>New Total</b>	<b>250</b>	<b>110</b>	<b>306</b>	<b>666</b>

# Development Cost/Benefit Reconciliation

	<i>508 Helmcken Street</i> (In Favour of Brenhill)	<i>1077-99 Richards Street</i> (In Favour of City)
Non-Market Housing Construction Costs		\$30,600,000
\$1,000,000 Cash Contribution to City's Affordable Housing Fund		\$1,000,000
Land Value - existing zoning	-\$15,000,000	\$8,400,000
Foregone CAC Value (net of the 110 secured market rental housing units)	-\$25,000,000	
<b>Balanced Transaction</b>	<b>-\$40,000,000</b>	<b>\$40,000,000</b>



# Proposed Social Housing (View from West)



# Proposed New Tower: Site at Helmcken at Richards – NE corner of the existing Emery Barnes Park



# Business Case Assumptions

- Province (verbal agreement so far):
  - will transfer CMHC mortgages to new social housing building
  - will sustain its operational subsidy commitment
  - no cost to the City
- Developer: balance between regulatory framework/community plan and optimal CAC to support housing goals
- City:
  - Approves sole source land disposition, acquisition of Brenhill lands, lease termination with non-profit and new lease for new facility
  - all CAC's applied to Social Housing
  - Will allow elimination of lane for new green connection to Park and direct access to Richards street
- Non-Profit: existing non-profit housing operator will consent and continue

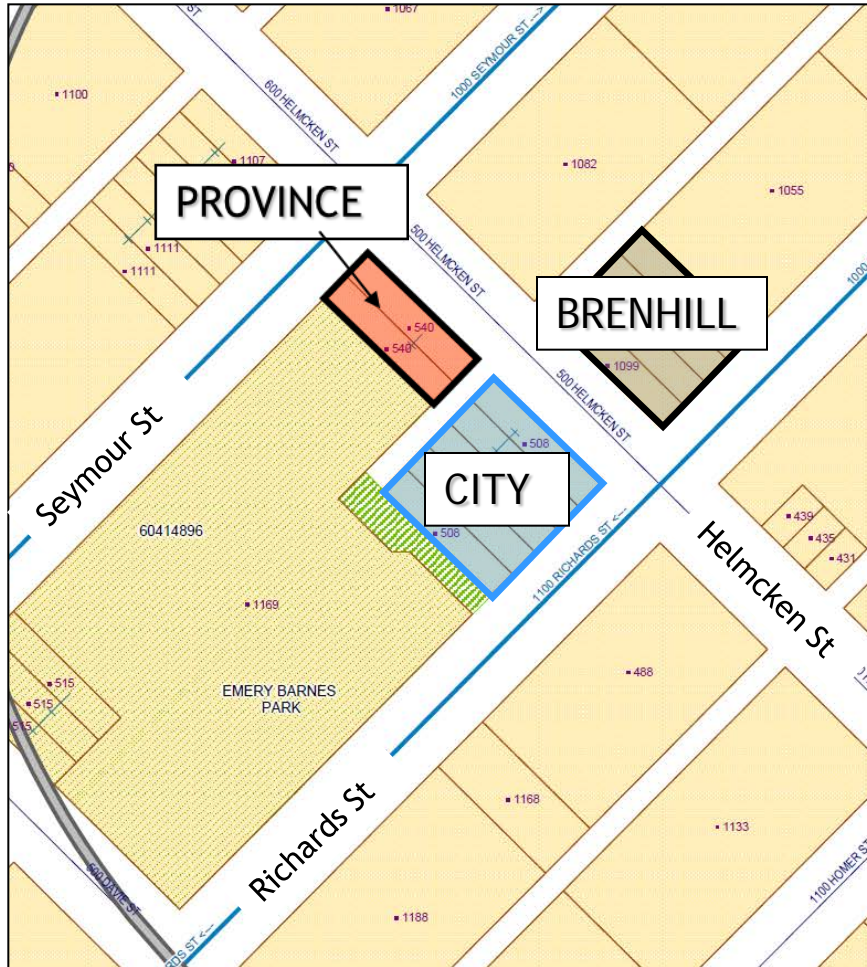
# Other Key Assumptions

- Director of Finance and General Manager of CSG to report back to Council on:
  - unit size, unit mix
  - operating model
  - options for extracting deal equity through a new prepaid Lease
- The closure and sale of the City Lane subject to rezoning
- Final terms of the overall Development Agreement to be reported back to Council for final approval

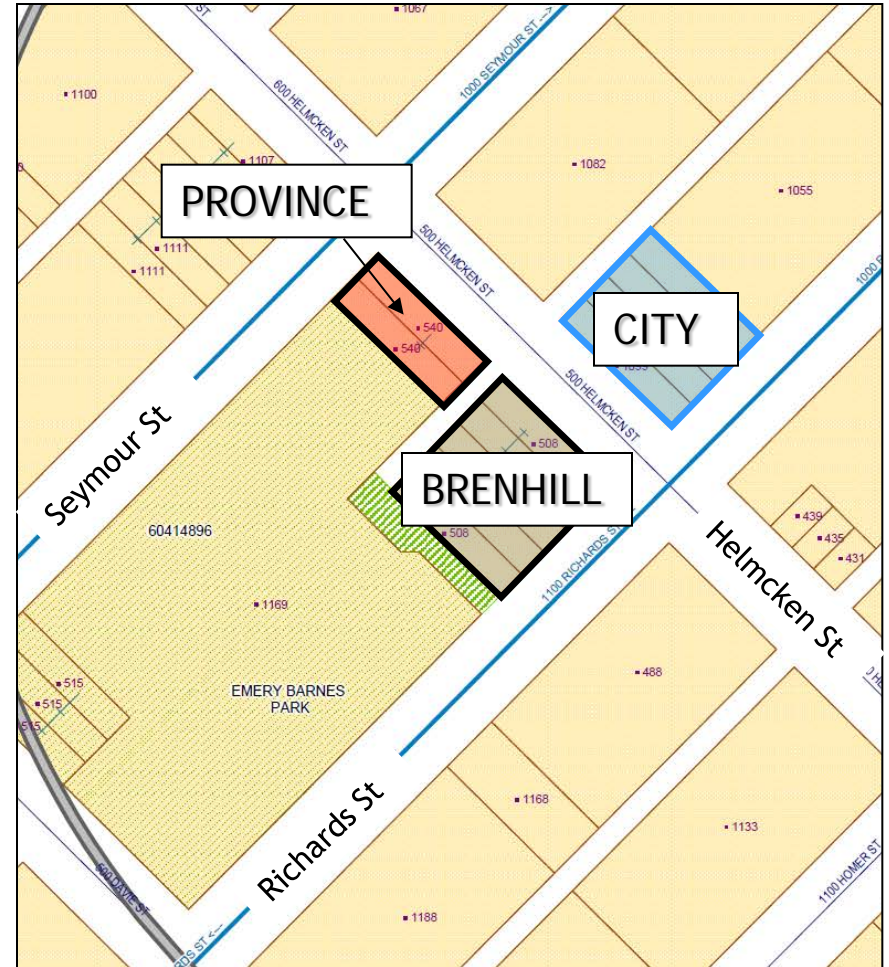


# Land Transfer Summary Maps

Before



After



# Risks and Mitigation

Risk	Mitigation
Province and City can't agree on policy regarding social housing tenant mix and operational funding subsidy.	Escalate issue as necessary to seek resolution
Failure of a rezoning proposal to be approved	Robust planning process to balance development, policy and community issues during rezoning
Demolition of Jubilee House seen as premature.	Provide detailed analysis on costs anticipated to completion of tenure on current site versus costs associated with operating the new building

# Risks and Mitigation - continued

Risk	Mitigation
Failure of Brenhill to generate sufficient sales to finance the plan	<ul style="list-style-type: none"><li>• Ensure the delivery of the Social Housing CAC prior to Brenhill's marketing program;</li><li>• legal title of the Jubilee site would not be conveyed to Brenhill until the Social Housing is delivered.</li></ul>
Escalation of construction costs over the term of the agreement	<ul style="list-style-type: none"><li>• Brenhill will execute a fixed price construction contract and tender the project as soon as possible to lock in major trade costs.</li><li>• construction cost escalation factor has been provided in the pro forma in accordance with normal practice.</li></ul>

# Council Approval Process

## **Stage 1** - Completed, subject to Council Approval

- Council approves the deal in principle, authorize staff to negotiate the Lease Surrender and Purchase and Sale Contract for sole source sale (closing pending rezoning approval)
- When City Manager and the Director of Legal Services satisfied with commitments of BC Housing and 127 Society, Brenhill will be authorized to submit an application for rezoning.

## **Stage 2** - Currently Underway

- Staff finalize the details of a Development Agreement



# Council Approval Process

## Stage 3 -early 2013

- Staff report back to Council for final approval of the terms of the Development Agreement, including:
  - final unit mix, unit size, operating model, and financial options for new prepaid Lease.

## Stage 4 -late Spring 2013

- Rezoning to Council

## Stage 5 - Start of Construction in late 2013

- DP issued; construction starts on the New Non-Market Housing Building

# RECOMMENDATIONS

*As set out in the body of Report RTS 9821*

***QUESTIONS?***